

ENTREPRENEURSHIP POLICY DIGEST

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THE ECONOMIC CASE FOR WELCOMING IMMIGRANT ENTREPRENEURS

There's something inherently entrepreneurial about leaving your home to start a new life in another country. Perhaps that is why immigrants tend to start businesses at a disproportionately higher rate than native-born Americans.

Immigrants have a long history of starting successful businesses in the United States. From Alexander Graham Bell to Sergey Brin, immigrants have created some of [America's most iconic companies](#). In fact, more than [40 percent](#) of the Fortune 500 companies in 2010 were founded by an immigrant or the child of an immigrant. Yet, despite their vast economic contributions, U.S. law provides no dedicated means for immigrant entrepreneurs to launch innovative companies in the United States.

Meanwhile, [other countries](#) are stepping up to attract foreign entrepreneurs. With new visas, countries like [Canada](#) and [New Zealand](#) are competitors for international entrepreneurial talent.

Research suggests a visa for entrepreneurial immigrants could boost U.S. economic growth and create American jobs. Commonly called a startup visa, this new means of entry would allow immigrant entrepreneurs to start businesses in the United States after satisfying certain funding, employment, or other requirements.

CURRENT STARTUP VISA LEGISLATIVE PROPOSALS*

U.S. SENATE

[S. 181, Startup Act](#)

U.S. HOUSE OF REPRESENTATIVES

[H.R. 962, Startup Act](#)

[H.R. 3370, EB-JOBS Act of 2015](#)

*Proposals known to Kauffman Foundation.

ESTIMATED ECONOMIC IMPACT OF A STARTUP VISA

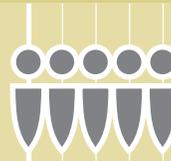
Using data on employer firm creation and survival, plus U.S. Census Bureau statistics on job creation, a Kauffman Foundation analysis of one legislative proposal to create a startup visa produced three job creation estimates.

SCENARIO 1

LEGISLATIVE BASELINE

Between 2003 and 2010, **49%** of new businesses survived until age four.

Using the minimum legislative requirements in Startup Act 3.0, the Startup Visa could create **484,343 jobs after 10 years.**



SCENARIO 2

AVERAGE U.S. COMPANY

On average, four-year-old firms from 2003 to 2010 employed **9.18 workers.**

Using this figure and the average firm survival rate, the Startup Visa could create **889,239 jobs after 10 years.**



SCENARIO 3

TECHNOLOGY AND ENGINEERING COMPANIES

25% of technology and engineering companies created between 2006–2010 were founded by **foreign-born entrepreneurs.** These firms employed an average of **21.37 workers.**

Using this figure and the average firm survival rate, the Startup Visa could create **1,592,842 jobs after 10 years.**



IMMIGRANT ENTREPRENEURSHIP BY THE NUMBERS

Kauffman Foundation research has contributed to a greater understanding of immigrant entrepreneurship and its corresponding economic benefits. Highlights and application of research tell a compelling story.

COMPANY FORMATION

- Immigrants were almost [twice as likely](#) to start businesses in 2014 as native-born Americans.
- [28.5 percent](#) of new entrepreneurs in 2014 were immigrants, which is up from 13.3 percent in 1997.
- About [one-quarter](#) of the engineering and technology companies started in the United States between 2006–2012 had at least one key founder who was an immigrant.

ECONOMIC IMPACT

- Immigrant founded engineering and technology firms employed approximately [560,000 workers](#) and generated \$63 billion in sales in 2012.
- [24 of the top 50](#) venture-backed companies in America in 2011 had at least one foreign-born founder.
- Immigrant founders from top venture-backed firms have created an average of approximately [150 jobs](#) per company in the United States.

RESEARCH-BASED STRATEGIES

- **Broaden Eligibility Thresholds**
 - [Fewer than 1 percent](#) of new businesses receive venture capital investment at the outset.
 - While [not all businesses receive outside investment capital](#), viable businesses will generate revenue. Recognizing that it can take time to develop, market, and sell a product or service, revenue-generation over time could be a measure of potential entrepreneurial success.
 - Since a startup visa is meant to boost economic growth and create jobs, initial job creation could be a measure used to determine visa eligibility, so long as the requirement is not overly restrictive.
- **Create Easy Pathways to Entrepreneurship**
 - [Most immigrants](#) come to the United States to work or study. A startup visa could allow foreign students and workers to smoothly transition from school or employment to entrepreneurship.
- **Increase Number of Visas**
 - Adding more visas for immigrant entrepreneurs will allow a startup visa to have a greater [impact](#) on employment and job creation.

FOR MORE INFORMATION

Click on the links for access to the following resources, or contact Jason Wiens at jwiens@kauffman.org:

- Read [DC Open Secret: Immigration's Good for Economy](#)
- Check out [Break the Gridlock: Unbundle Startup Visa from Immigration Reform](#)
- Read [Give Me Your Entrepreneurs, Your Innovators: Estimating the Employment Impact of a Startup Visa](#)
- Read [Toward America's New Entrepreneurial Growth Agenda](#)
- Watch [Land of Opportunity](#)
- Watch [America's Great Job Creators: Immigrant Entrepreneurs](#)



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